

Official name: Ford Motor Co.

Owned by: Ford family (40%), plus massive public shareholding.

Owns: Automotive Components Holdings, Ford Credit, Troller, Ford of Europe, Ford do Brasil, Mazda (3.5%)

Used to own: Aston Martin, Jaguar, Land Rover and Volvo, plus nearly 34% of Mazda.

Current situation: Ford is currently the world's fifth largest car company. After making hay during the economic summer of the 1990s, Ford struggled to survive the economic winter. In 2008, Ford lost US$14.6 billion. Ford had to sell Aston Martin, Jaguar, Land Rover and Volvo, having lost billions in the process. Ford's 33% share in Mazda was reduced to 3.5%. Recently, Ford's investments in electric car technology have cost it further billions.

Chances of survival: okay. The American government would never let Ford simply collapse. However Ford's pain is nowhere near over •

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A brief history of Ford Motor Co



Henry Ford with his model T

Henry Ford came from a troubled background. Intensely anti-Jewish, he was also a pathological control freak who gradually went insane, wrecking the lives of countless people in the process.

Before Henry Ford released the Model T, three out of four Americans lived and worked in the country. By the time the last Model T had been sold 19 years later, three out of four Americans now lived and worked in the city. This technology-driven tsunami of change then swept around the planet; its effects are still driving the lives of people across the globe.

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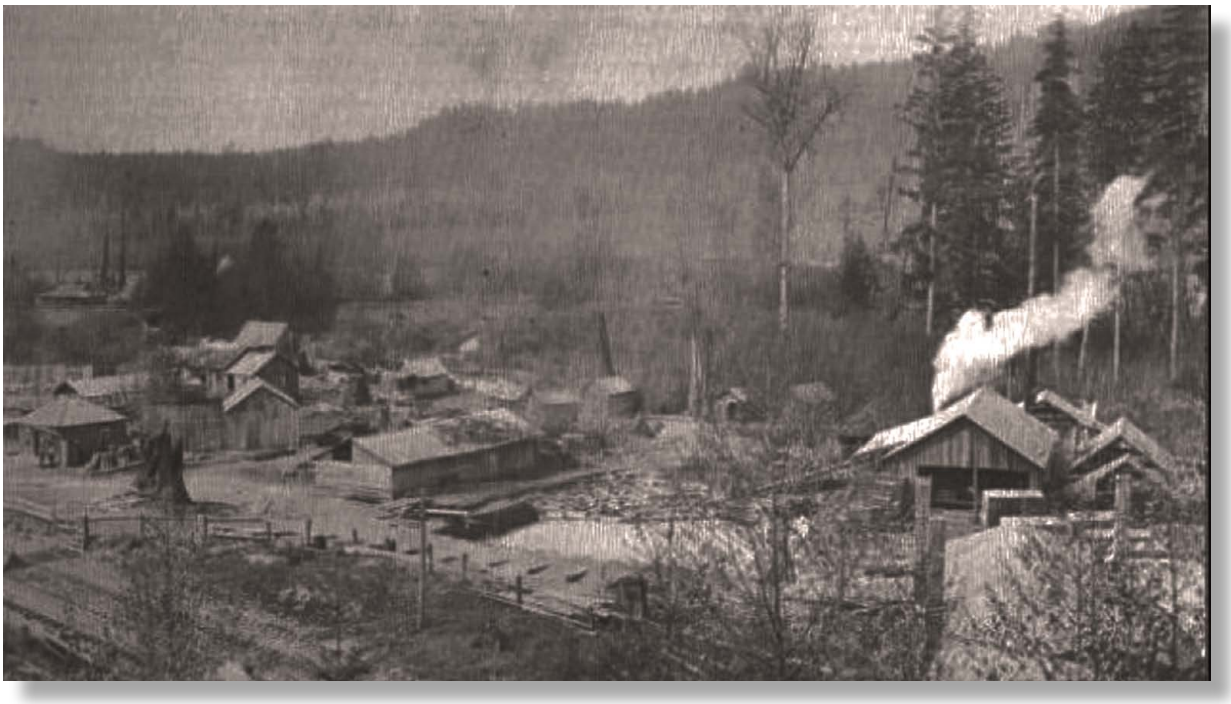
Henry Ford was born to Irish protestant immigrant parents in 1863. His harsh protestant upbringing fostered a priggish respect for hard work, abstinence and prudery that would accompany him throughout his life.



Ford's mother was a rigid disciplinarian, and Henry coped by withdrawing into his own little world; the locals called him a 'queer duck.'

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Henry Ford's dad was a substantial member of the local community, with his own properous farm and model family.



The Ford family farm

However, like most Protestant fathers of the time, Henry's dad was also a controlling tyrant. Henry Ford was creative and intelligent, at a time when creativity and intelligence weren't viewed fondly. What fathers of the time wanted from their sons was blind obedience coupled with hard work.

Henry didn't enjoy farm work and did his chores grudgingly, but he did enjoy playing with gadgets and machinery, attempting to master a world of mechanics, where everything is known and controllable. Machines can't boss you around.

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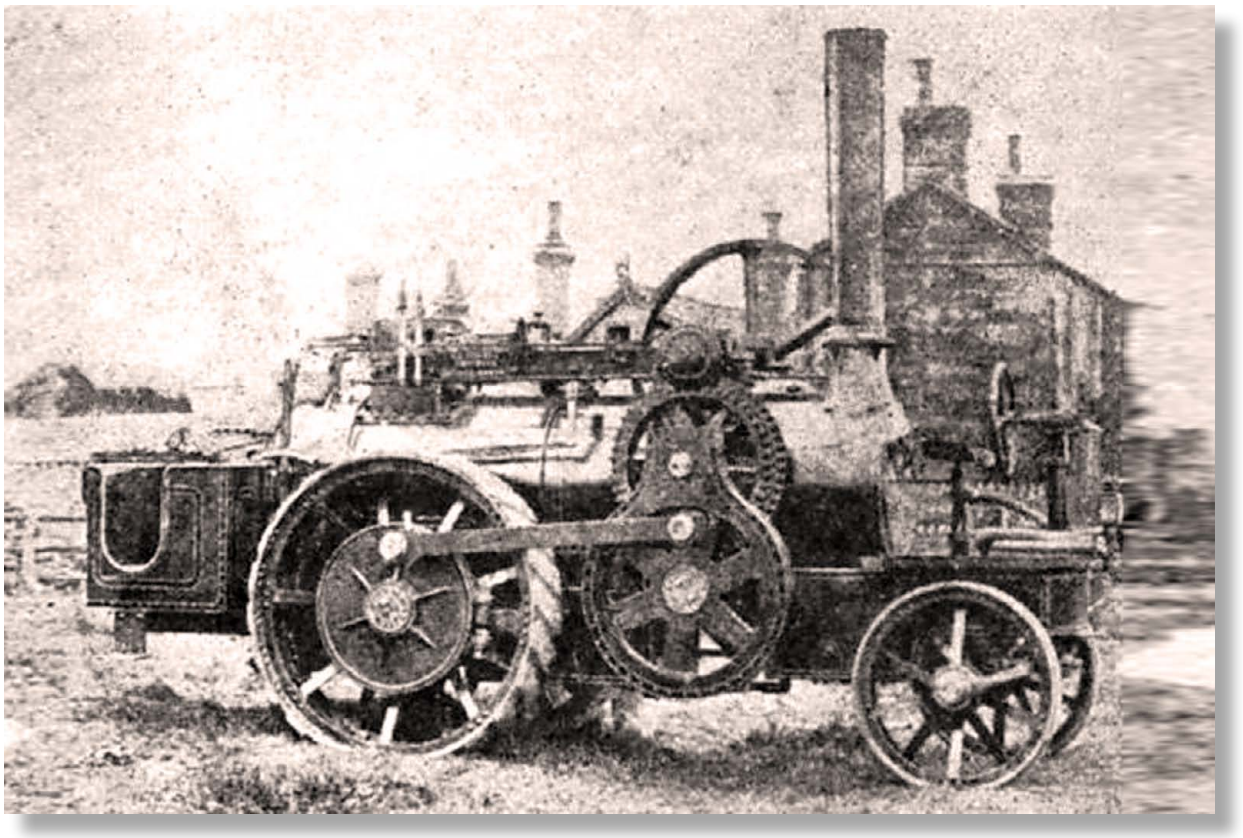


In families like the Fords, son were expected to work hard and wives were expected to produce children until they grew old or died. When Henry was thirteen, his mother died after giving birth to her ninth child. Both Henry and his father were devastated.

Faced with an out-of-control personal universe, kids tend to swing one of two ways at this point: they either withdraw into their own fantasy world or they become utter control freaks. Henry did both.

Ford blamed his father for his mother's death, and, as his father drank to drown his sorrows, Henry's hostility grew darker.

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Henry's world changed forever, once more, when he saw a self-propelled steam engine chugging down the road towards him. He leapt off his father's cart and besieged the engine driver with questions.

From that point on, Henry knew exactly what he wanted from life, and from that point on he was on an inevitable collision course with his father.

Ford's fascination with gadgets was grudgingly tolerated by his father, because a man who could fix machinery was always useful around the farm.

But Henry's father was totally opposed to Ford becoming an engineer.

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Ford senior believed that a good Protestant son should stay on the farm and work the land. Engines and machinery were part of the sinful city culture that any strong Christian should avoid, along with loose women, liquor and gambling.

Ford's father's disapproval didn't stop Henry's plans, but Ford senior did succeed in alienating his son. For the rest of his stay on the farm Henry was simply serving time; at sixteen, he took a walk and kept going all the way to Detroit.



Henry Ford served three years as apprentice machinist. In 1882, he returned to Dearborn to work on the family farm, but he was soon back in Detroit, working as an engineer.

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Clara and Henry Ford

In 1888, Ford married Clara Bryant and supported his wife by running a sawmill.

Three years later, Ford got a job as an engineer at Edison Illuminating Company. By 1893, he was the chief engineer at the company.

However, his passion for self-propelled vehicles ran unabated. To be young and hip in the late nineteenth century meant having some association with the motor car. Although cars were absurdly expensive and impractical, people were obsessed with them. Entire communities would line the road as a car went by.

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Henry was as hooked as anyone: on June 5, 1896, Henry took his new wife Clara for a ride in the first Ford car, built in a shed beside their rented house.

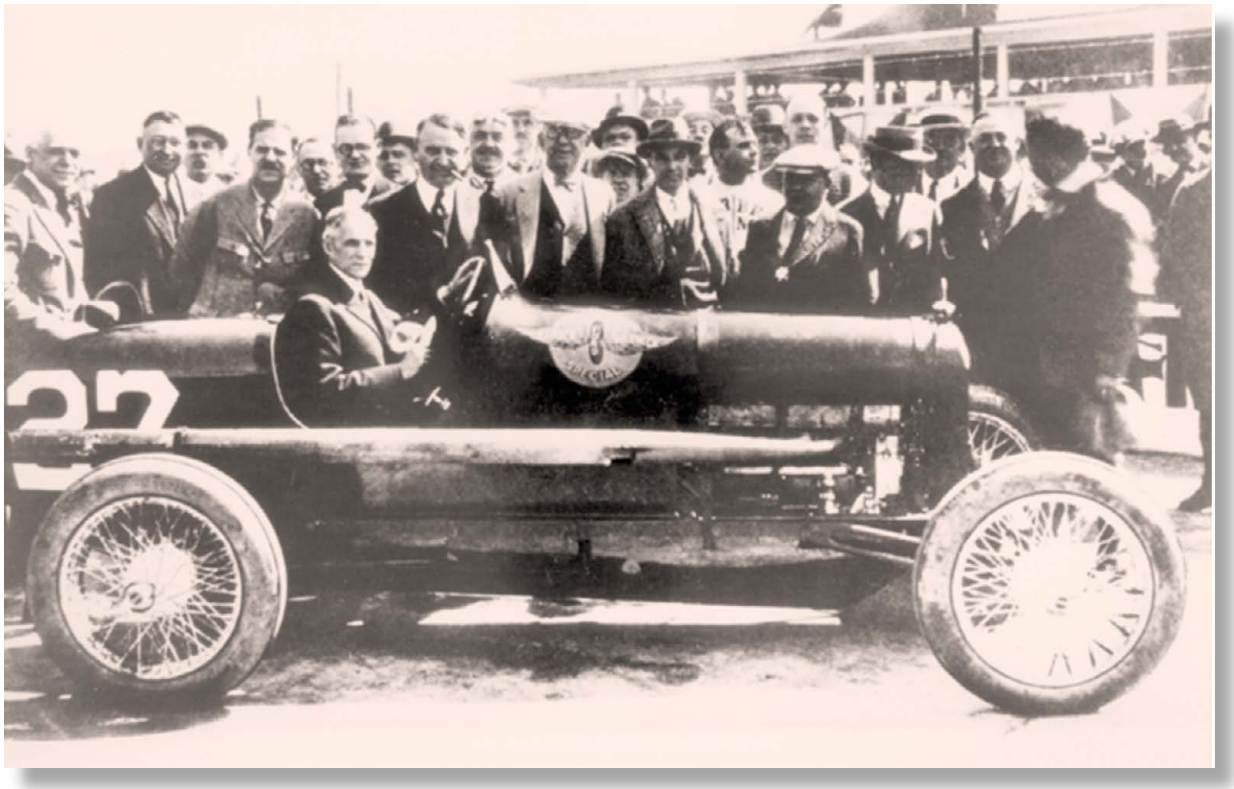


Ford had no trouble attracting investors who wanted to help him build cars commercially, but Henry had big problems getting his backers to see the big picture. Ford's investors wanted to produce slightly refined versions of Ford's existing cars, at high prices. Ford, however, knew the inadequacies of his existing experimental models, and wanted to pour money into further research and development.

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Ford saw that the real market for cars wasn't in hand-built models for the rich, but for mass-produced, reliable vehicles for farmers, doctors, teachers and the like, who had to travel regularly and thus needed an affordable, reliable means of transport.

After racing success punctuated by commercial failures, Henry finally got backers who would cut him some slack and leave him to develop his own car in his own way.



Henry Ford's primitive but successful racing car

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Ford's first commercial model, 1903

Contrary to popular belief, Ford did not design most cars that bore his name; rather, he hired several talented engineers and coordinated their efforts. Even Ford's most famous innovation, the modern assembly line, was the work of others. Ford's first commercial model was the Model A (he later used the same name for a different vehicle). The Model A's engines were built by the fiery Dodge brothers and delivered by horse and cart to the Ford factory. Although the price of the Model A was a high $850, the vehicles sold well from the start. Ford was soon a paper millionaire.

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Working with his chief engineer C.H. Wills, Ford continued his research and development, modifying the Model A into Models *N, R* & *S.*

Work on the Model T began in 1906, and it was finally released in March of 1908.

Basic and reliable, yet streets ahead of the competition in terms of affordable technology, the Model T was the first car that captured national attention in America.



The Car that changed the world – the Ford Model T

Ford was an excellent problem-solver, but his great talent was in picking useful innovations developed by his employees, implementing them and then implying that he came up with the ideas in the first place.

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Even Ford's most famous innovation – the modern assembly line – was the work of others

In fact, the rival Oldsmobile factory was building cars on assembly lines a decade before Ford installed his famous line at Ford's huge Highland Park factory.

Henry Ford became a national hero when, in 1914, he raised his workers' wages to an unheard-of $5 a day. However, like so much of the Henry Ford story, this wage increase had more to do with Ford's interests than his workers'.

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THE DETROIT JOURNAL

LAST EDITION

DETROIT, MICHIGAN, MONDAY, JANUARY 5, 1914.

HENRY FORD GIVES $10,000,000 IN 1914 PROFITS TO HIS EMPLOYES

HOUSES SWEPT INTO ATLANTIC BY STORM; CREW OF 32 DROWNS

SUMMER RESORT COAST IS RUIN.

NATION-WIDE STRIKE IS BEING DISCUSSED BY LABOR LEADERS

Mayor Declares Governors Will Call Conference to Discuss Great Sympathetic Movement In Connection With Copper and Coal Miners' Strikes.

GOV. FERRIS IS ON WAY TO CALUMET

State Executive Enters Copper Zone as Federal Conciliator Denounces Leaders Declaring Inability to Bring Peace Because of Operators' Attitude.

STRIKE CONDITIONS.

Motor Kings Who Share Profits With Worker

DOUBLES PAY OF 25,000 IN AUTO WORKS

Motor King and Captain Lauch World's Biggest Profit Sharing Scheme as "Act of Social Justice" and for Sake of Men.

GRANT EIGHT-HOUR DAY AT $5 WAGE

Two Shifts of Nine Hours Changed to Three of Eight, 4,000 Unemployed to Be Taken In—Jobs on Farms Arranged During Slack Season.

The actual story was this: early 20th century Detroit was an employer's paradise. There was little organised bargaining for wages and the police would happily hire themselves out as strikebreakers. Thus, while Ford was paying market rates for his workers, his workers were often on the edge of poverty. They generally viewed a job at the Ford plant as a stopgap measure until something better came along.

By 1913, the Ford Motor Company was hiring 963 workers for every 100 it kept on the payroll. Although he was paying his workers, on average, only $2.50 per day, Ford Motor Co was spending $3 million a year training replacements. Something had to change.

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Henry Ford's friend and general manager, James Couzens, came up with the innovative idea of paying the workers enough to keep them from leaving. After much argument, Henry agreed.

Couzens' $5 a day scheme was a wildfire success.



Despite near-freezing conditions, desperate unemployed men swarmed the plant looking for jobs and wouldn't leave until the police sprayed them with fire hoses.

Ford was hailed as a hero of the working man.

Ford was later to lower his workers' wages once more, as the Great Depression bit hard. However Ford's image as friend of the working man has been surprisingly resilient, even though it's really not true.

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The Model T, which made reliable motoring accessible to the masses, had already made Ford seem like a hero to many people. However, his other great modern innovation – the weekend – was also mainly introduced to improve efficiency.

Originally, Ford employees were employed for nine hours a day, six days a week. However, as Model T production became more sophisticated, Ford reduced the time it took to build a car from more than 12 hours to just 93 minutes. This pace meant that assembly line employees worked in a blur of activity. Many simply fainted with exhaustion.

So, the six day working week was reduced to five and a half days, with Saturday afternoon and Sunday off.

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There were multiple reasons for Ford's workers being granted Saturday afternoon and Sunday off. The first was that assembly lines need regular maintenance. Therefore, Saturday afternoon and evening saw a flurry of maintenance work on the now-silent assembly lines.

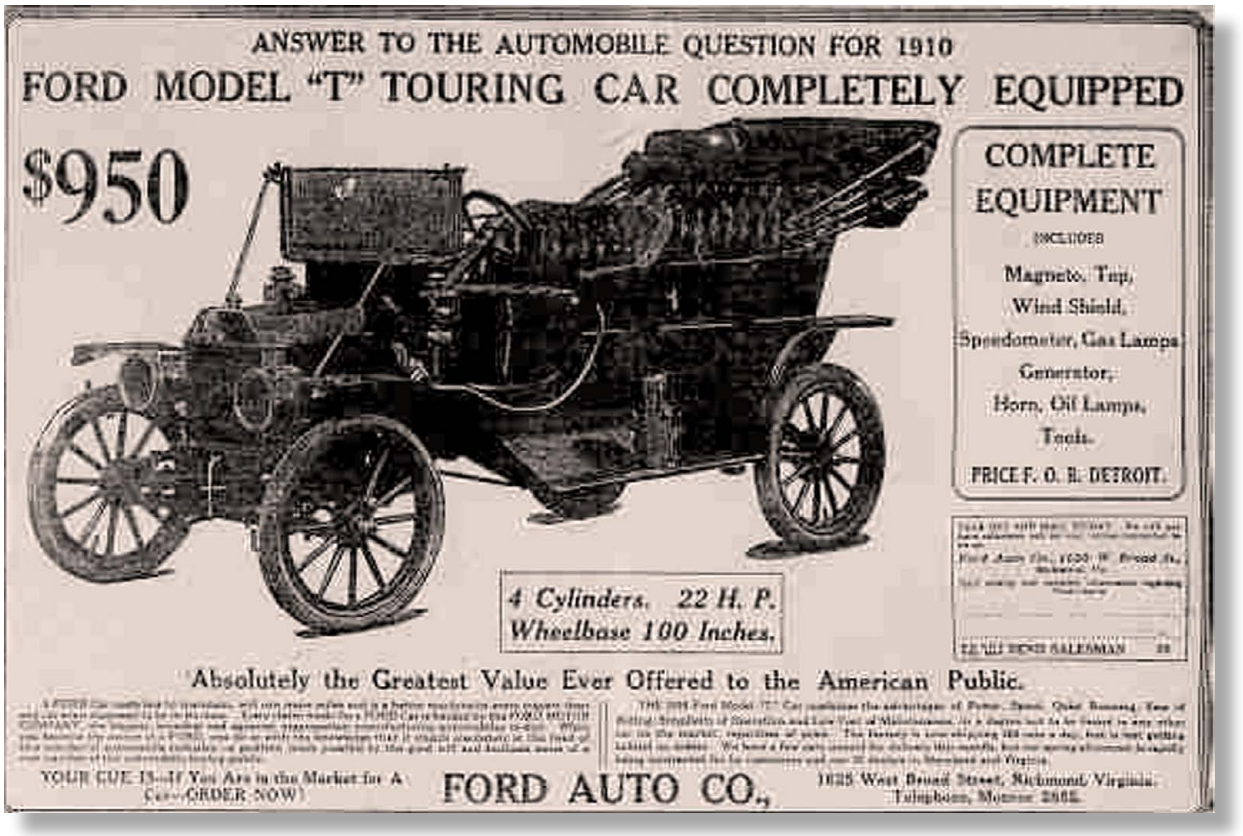
In the Christian culture of the time, it was heavily frowned upon for an ordinary industrial employee to work on a Sunday, which was supposed to be a day of religious contemplation.



The eight-hour day was also an efficiency move: Ford's nine-hour working day left an awkward gap of six hours a day between the two nine hour shifts. Henry quickly realised that 24 hours are rather more skilfully divided into three shifts of eight.

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So, by introducing an eight hour workday, five days a week, Ford was able to run his factories with three eight hour shifts, 24 hours a day. As Ford himself admitted, though workers' time on the job had decreased, they were expected to expend more effort while they were there. And they did.



For all his skill with technology, Henry Ford still thought like a farmer. Having developed a unique piece of machinery – the Model T – Ford was in no hurry to make changes to it.

Henry Ford, used to having his own way, believed he had already created the perfect car, which with care and maintenance, would last an owner a lifetime.

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When the Model T was first introduced in 1908, it was class-leading. Nearly 20 years later, it was effectively obsolete. For most of its life, the Model T had no fuel gauge. Instead you dipped a stick into the petrol tank.



The Model T was notoriously hard to start and harder to drive. You turned a crank handle at the front of the vehicle, after which it might, or might not, start. And, if the engine backfired while you were cranking it, the crank handle would flip backwards and could break your thumb.

There was no accelerator pedal, just an adjustable lever on the steering column.

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When you had to stop, you quickly discovered that the Model T had no front brakes, just rear brakes, which would tend to overheat and fade when descending steep hills.

Eventually, Henry Ford reluctantly agreed to modernise his beloved Model T, but it was always too little and too late; his competitors were years ahead.

Ford responded by lowering the price of the T down to as little as $290 in 1924, but after a while that tactic simply stopped working.

Henry's son, Edsel, pleaded with his father to introduce a new model, but Henry, jealous of his son's ability and influence, stubbornly refused to give way.

The American people began to show their feelings: Model T sales had peaked at 1.8 million in 1923. By 1926, despite record low prices, Model T sales were in freefall.

Finally, in early 1927, faced with catastrophic losses, Henry finally agreed to end production of the Model T.

60,000 workers were sent home without pay during the months that it took to set up the new assembly lines. Dealers and parts suppliers were mostly left twiddling their thumbs, praying for the success of the new model.

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But, such was Ford's charisma, speculation about the promised new model became a national obsession. Half a million Americans paid deposits on this promised new Ford, even though it had never been publicly shown.



The Ford Model A

The new Ford – the Model A – was finally released in December of 1927. 10 million people stood in lines for a glimpse of this new Ford.

It has been estimated that more than 25 million people saw the Model A during the first week it was shown. The Model A clocked up one million sales in 16 months.

However, the car industry was moving far faster than Henry Ford could deal with.

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The Model A was America's best-selling car in 1929, but more advanced models from rival manufacturers soon overtook the A.

By 1933, the Model A had dropped to third place, behind both Chevrolet and Chrysler.

Ford hung on, but times were tough.



Ford dealership, Lexington, Kentucky, 1934

Ford's dealer network was also on deathwatch. Like his Protestant father, Ford believed that customers should finance their cars by saving money over several years. Hire purchase did not meet Henry Ford's high moral standards, so his dealers weren't able to finance car sales.

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But that didn't stop Henry Ford inventing fantasy sales targets for his dealers, and then forcing them to buy near-obsolete models to meet these targets.

Many dealers simply went broke; many of the survivors simply gave up on Ford entirely and instead became dealers for Ford's rivals, such as Chevrolet and Chrysler.

By 1931, the Model A was history. Ford couldn't afford a new model, so the A was recycled into the Model B, which was largely identical, other then the introduction of an updated V8 engine.

But the B only lasted until 1934, after which Ford recycled it once more into the Model 48, produced until 1936.

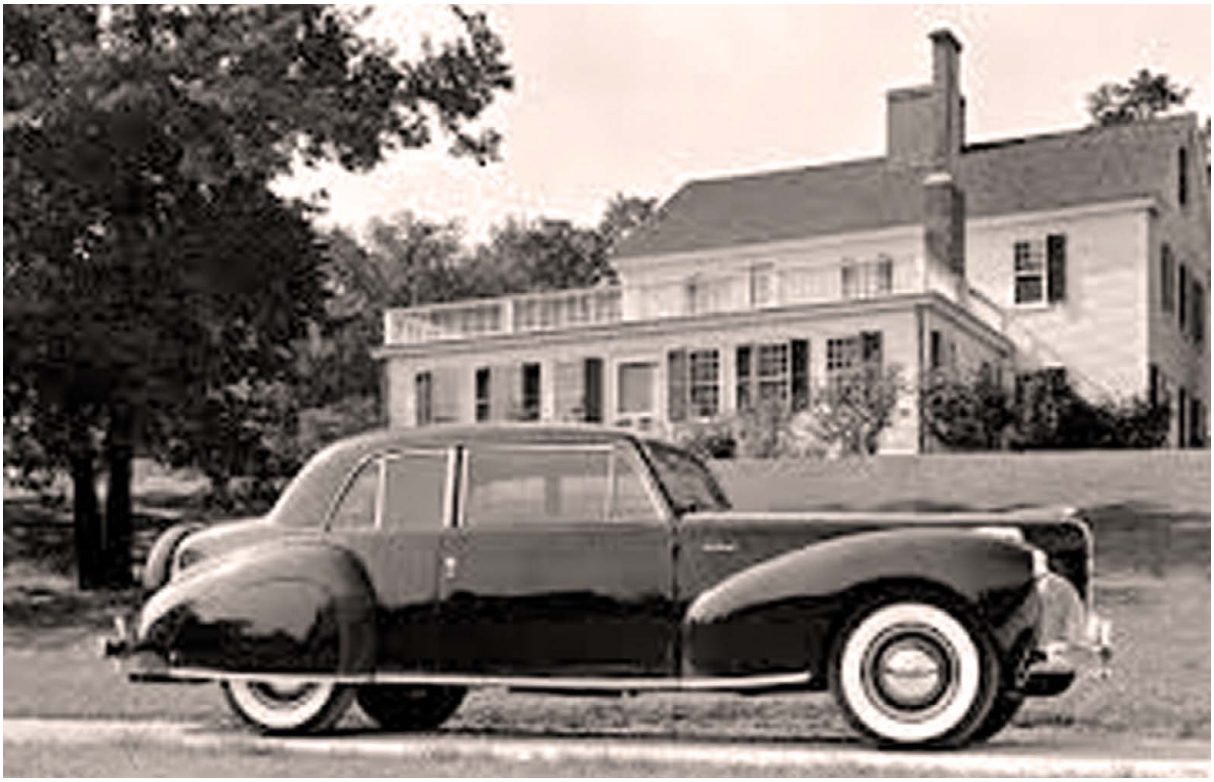
But it was Ford's luxury car division: *Lincoln* (run by Henry's son Edsel), that stunned the world in 1936. Edsel's *Lincoln Zephyr* suddenly made every other car look old-fashioned.



1938 Lincoln Zephyr coupé

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The Zephyr's flowing curves were there to make the car slip through the air more gracefully; the Zephyr was the first successful, mass-produced aerodynamic car.



1941 Lincoln Continental

The Zephyr, and the model that followed it, the Lincoln Continental, were the high points in Edsel Ford's short and unhappy life.

Although Henry's son Edsel was in theory the general manager of the Ford Motor Company, he spent his life under the humiliating thumb of his father and died a broken man in 1943, aged 49.

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Henry Ford's son, Edsel

Henry had routinely humiliated Edsel in front of other Ford executives. When Edsel (who had a flair for designing cars) once produced a stylishly updated Model T, his father reputedly responded by smashing the new car with a hammer, in front of both Edsel and other Ford engineers.

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It's ironic, then, that Henry Ford remained an international hero, viewed as a genius, an industrial giant, and a great friend of the working man.



Sadly, Ford was not really a friend of the working man. Henry Ford was intensely self-righteous, controlling, hateful and prone to blaming others for his own difficulties.

And, like his protestant Christian father, Henry Ford blamed Jews for most of the world's problems.

If he had still lived on some distant farm, Ford's bigoted tirades would have been dismissed as the ramblings of some rural nutter.

But Ford was the most famous businessman in the world; people took him rather too seriously.

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The Ford International Weekly

THE DEARBORN INDEPENDENT

One Dollar | Dearborn, Michigan, May 22, 1920 | Five Cents

The International Jew: The World's Problem

"Among the distinguishing mental and moral traits of the Jews may be mentioned: distaste for hard or violent physical labor; a strong family sense and philoprogenitiveness; a marked religious instinct; the courage of the prophet and martyr rather than of the pioneer and soldier; remarkable power to survive in adverse environments, combined with great ability to retain racial solidarity; capacity for exploitation, both individual and social; shrewdness and astuteness in speculation and money matters generally; an Oriental love of display and a full appreciation of the power and pleasure of social position; a very high average of intellectual ability."

—The New International Encyclopedia

Ford used his money and prestige to promote anti-Jewish, anti-trade union, pro-Nazi causes.

Henry saw trade union organisation as just another example of Jewish conspiracy.

"Unions are organised by Jewish financiers, not labour. A union is a neat thing for a Jew to have on hand when he comes around to get his clutches on industry."

Ford's biography: *The Fords: an American Epic*, describes how Ford protected his plant from the taint of 'Jewish conspiracy':

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"Henry's reaction to the [union] movement was to make [the factory complex] into an industrial concentration camp overseen by [underworld thugs]"

"There was no sitting, squatting, singing, talking or whistling on the job. Smiling was frowned upon...Anyone even suspected of being a [union] sympathiser was not only summarily fired but usually beaten up as well."



Ford company police discuss industrial relations with a trade union organiser, 1939

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One great fan of Henry Ford's rhetoric was German dictator Adolf Hitler. As Hitler said in 1931: "I regard Henry Ford as my inspiration."



Adolf Hitler and pals striding through Paris after invading France in 1940

However, whereas Ford merely produced cars by the millions, Hitler introduced mass-production to the business of killing people; about sixty million were killed in World War II.

Around 10% of the sixty million-or-so people killed in War II were Jewish, slaughtered on a truly industrial scale, by a regime inspired and probably financially supported by Henry Ford.

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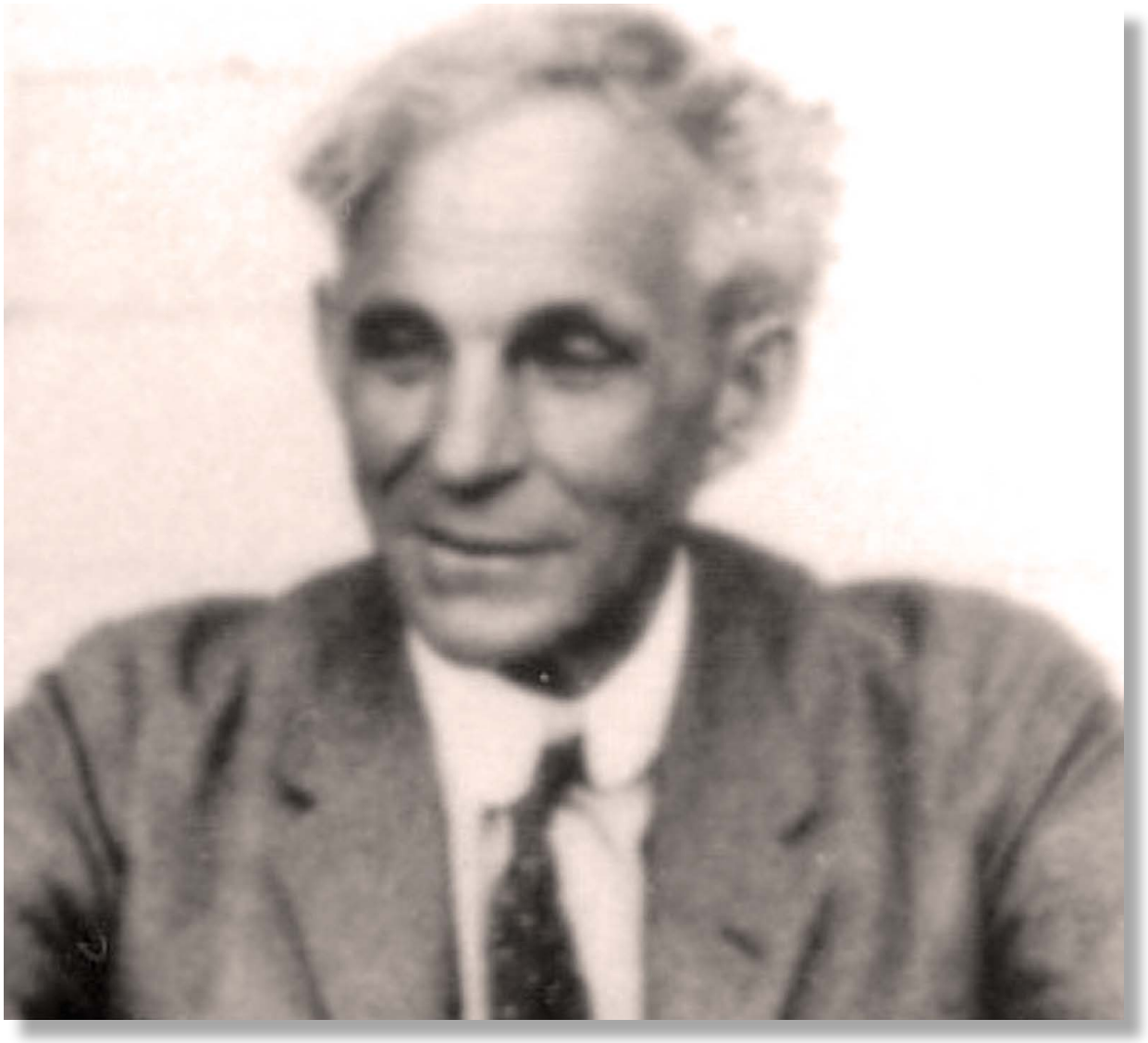


And, while American soldiers were battling Hitler's troops in Europe, the Ford Motor Company was busy supplying war vehicles to both sides.

Ford's German plants operated throughout World War II. In 1940, after meeting with top Nazi official Gerhardt Westrick, Henry Ford refused to build Rolls-Royce aircraft engines for the English air force.

However, Henry Ford had no problems supplying similar products for Hitler's war machine. Thus, in 1940, the giant French Ford factory began making engines for aircraft that were then used to bomb America's ally, England.

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Henry Ford's obsession with Jews and communists meant he lost track of the day-to-day running of his own company. Besieged by paranoia and terrified of losing control, Henry Ford gradually went mad.

One by one, his most loyal employees left in disgust. In their place came shadowy characters such as Harry Bennett.

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Bennet was a former boxer and ex-Navy sailor, who became Henry Ford's right-hand man.

Bennett and his underworld friends lorded over the Ford Motor Company's 3000-strong 'Service Department.'

Bennett kept lions on his estate, sometimes bringing them to his office at Ford.

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Bennett's job was to rid Henry Ford of minor irritations, such as trade unionists. Bennett's idea of opening negotiations with unionists was to send around a group of thugs armed with baseball bats.

Because Henry Ford effectively owned Detroit's police force, Bennett could literally get away with murder.

During the Great Depression, the unemployed were especially irritating. At a time when the welfare allowance was 15 cents per person per day, half of Detroit workers were unemployed. In desperation, thousands of unemployed workers marched on the Ford Motor Company.



Ford Hunger March, 1932

As the protesters advanced toward the Ford factory, they were tear gassed and clubbed by police.

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The marchers scattered and retaliated by throwing stones. The Ford-controlled Dearborn police, together with the Ford Service Department men, opened fire on the unarmed protesters. 60 marchers were injured and five were killed.

Henry Ford saw this as a very satisfactory result; one of a series of very satisfactory results. Thus, Bennett's influence grew and grew. And, lacking effective management, the Ford Motor Company became less and less efficient.

When the US entered World War II, the US government granted Ford vital war contracts. After a few months, the government was so concerned at the way that Ford was being run that it considered taking over the entire corporation.

But none of this bothered Henry Ford. When his own son, Edsel, died in May 1943, Henry Ford wanted to make Bennett president of Ford Motor Co. When Henry Ford's wife and Edsel's widow blocked this move, Bennett and Henry Ford secretly changed Henry Ford's will to leave Bennett in charge of the Ford Motor Co.

Edsel's son, Henry Ford II, heard about the new will, so Bennett hurriedly burned the new document.

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It was the Ford women, displaying considerably more common sense than their husbands, who saved the day.

Henry Ford's wife, Clara Ford, and Eleanor Ford, Edsel Ford's widow, insisted that Henry II be named president of the Ford Motor Company.

Henry Ford senior exploded with rage and refused. In an ugly confrontation, the two women united; Eleanor Ford threatened to sell the stock she had inherited from Edsel, some 41% of the company, if Henry Ford didn't back down. Clara backed Eleanor.

Henry Ford was outgunned, and he knew it. With much bad feeling, he stepped down from running his company in 1945. He was replaced by his grandson, Henry Ford II.

However, Henry Ford II was not well respected and was up against not just Henry, but Bennett and his thugs. Knowing how vulnerable he was, Henry Ford II recruited a former FBI agent, John S Bugas, to be his right-hand man,

Acting under Henry II's orders, Bugas fired Harry Bennett. Bennett responded by pulling a gun, but Bugas pulled out his own gun and pointed it back at Bennett. All bullies are cowards; Bennett blinked, and it was over.

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With Bennett gone, Henry II marched through the Ford headquarters and fired Bennett's 1000 cronies on the spot.



Greenfield Village, Henry Ford's 19th-century fantasy home

Henry Ford now spent much of his time wandering around a fantasy 19th-century village and museum called Greenfield Village, which he'd had built in the countryside northwest of Dearborn.

And Ford's hold on reality kept slipping: Ford began asking his teenaged niece, Dorothy Richardson, to dress up in 19th century clothes, after which he began to actually believe that his neice was his reincarnated mother.

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Henry Ford's grandson – Henry Ford II

Leaving his grandfather to sink into senility, Henry Ford's grandson – Henry Ford II – eventually took over the Ford Motor Co and gradually brought the company back from almost certain bankruptcy.

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Henry Ford II was horrified by what he discovered: Ford Motor Co was losing around $1million a day and hadn't made a profit in 15 years. Yet Henry Ford senior had left millions of dollars deposited in non-interest-bearing accounts all over Michigan. Ford's bookkeepers estimated how much the company owed by weighing the huge piles of invoices.

Henry II soon realised that he simply did not know enough to turn around the ailing company. Luckily, he was approached by a group of brilliant ex-air force officers nicknamed the *Whiz Kids*.



The Whiz Kids

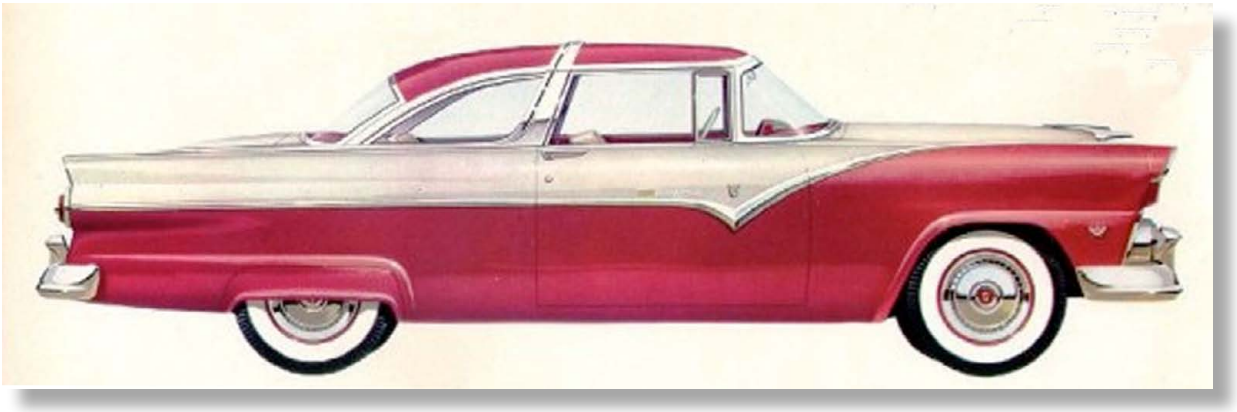
The Whiz Kids had revolutionised the Air Force's concept of strategic bombing during World War II and were now looking to apply those same management skills to private enterprise.

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With the help of the Whiz Kids, Henry II hired hundreds of top executives from General Motors and gradually brought Ford back from almost certain doom.

Ford Motor Co was eventually made a public company in 1956, and people lined up to buy shares in the American dream. It was the biggest stock issue in history.

And, finally, the public fell back in love with Ford cars.



1955 Ford Fairlane

Henry Ford senior, now a sad and confused old man, died on the evening of April 7, 1957. The world that had forgotten him suddenly paused for a moment and paid tribute to the man who had changed everything. Ford's body lay in state at the Henry Ford Museum and over 100,000 people filed past it. Tributes flowed in from around the world, even from Soviet Russia.

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Henry II could not have been more different from his grandfather. Whereas his grandfather saw trade unions as a Jewish conspiracy, Henry II saw them as an integral part of industrial life and signed mutually profitable deals with them. Henry II was instrumental in organising a group of industrialists who agreed to hire long-term unemployed from Detroit's slums, with a 60% success rate.

Meanwhile, freed from the influence of its founder, Ford launched a series of new cars for all price ranges.

However, as Henry II moved Ford the range upmarket, he made the mistake of assuming that the 1950s economic boom would last forever. It didn't, and the release of the Edsel was among the most disastrous events in Ford's history.



The 1958 Ford Edsel

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The Ford Edsel was expensive at a time of economic recession. It was gaudy to the point of ugliness; worst of all, it had serious quality problems. Despite encouraging reviews in the second year of its release, the Edsel was canned, having lost Ford around US$350million.

Henry II drifted away from the company and towards alcoholism. His place, in all but name, was taken by the legendary Robert McNamara.



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McNamara, with his thick-lensed glasses and cold temperament, had no interest in cars. McNamara was a bean counter. Cars were just another product to him.

He was, however, horrified by how much petrol his company's cars guzzled, so he commissioned a new and surprisingly successful compact car, the Falcon. Ford sold an astonishing 435,676 Falcons during the first year.

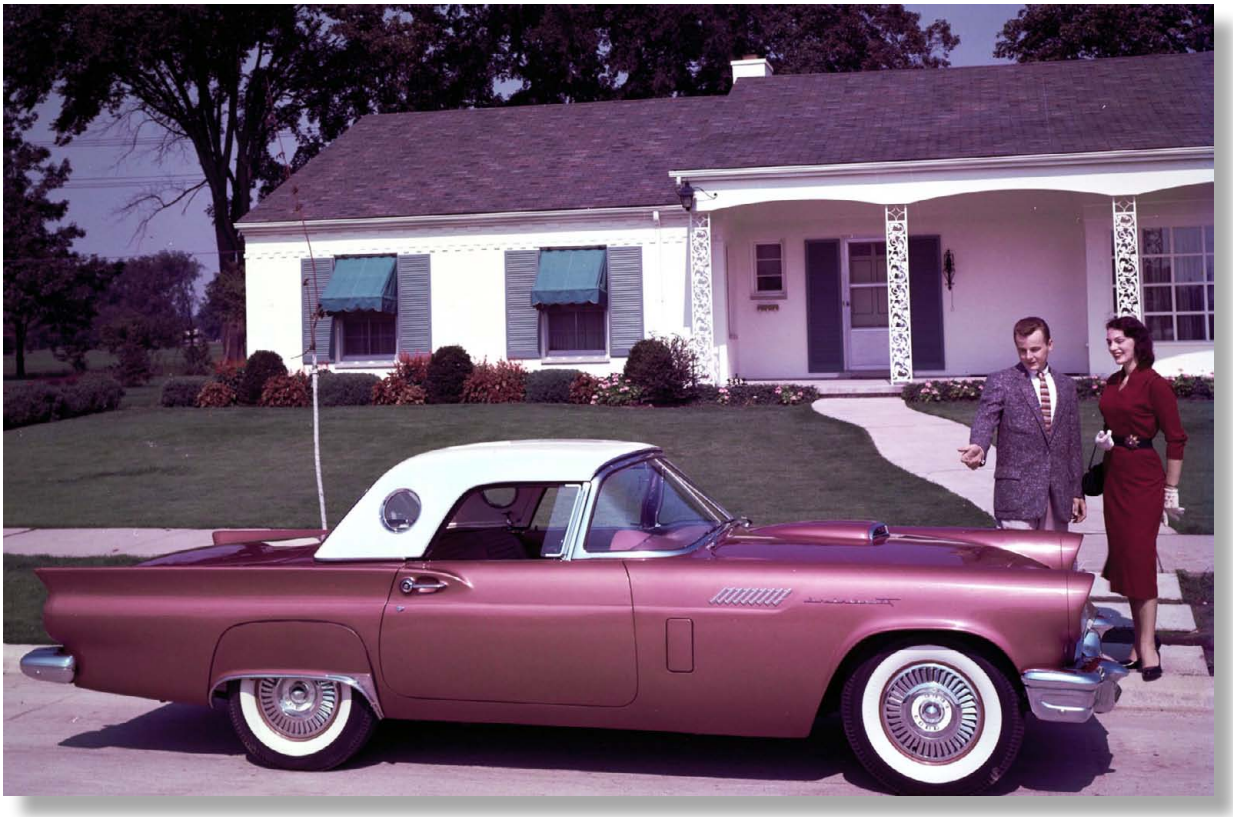


It is intriguing to speculate how Ford would have changed under McNamara's leadership, but American president Kennedy offered him the job of head of defence, and McNamara took it, eventually being partially responsible for the Vietnam War debacle.

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In the meantime, Ford Motor Company, under McNamara's influence, had canned its luxury models, meaning it was unable to take advantage of the brief economic boom of the Kennedy years.

McNamara's place was taken by a rising young star, Lee Iacocca. Iacocca alone was responsible for most of the company's direction through the 1960s.



The 1962 Ford Thunderbird, described as a 'personal luxury car', was impractical but stylish. As such, it was the dream car for many wealthy middle Americans.

At a time when Ford was paralysed by lack of direction, Iacocca gave the Ford range his own personal style.

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Iacocca tarted up the dowdy Falcon and developed the legendary (and rather unsafe) Mustang, naming it after a World War II fighter plane.



Lee Iacocca, left, and the 1965 Ford Mustang

The Mustang sold 410,000 units in its first year of production, making Iacocca the darling of the automotive press.

Meanwhile, Henry II, fresh from rehab, made a comeback and began to consolidate Ford's international empire. By 1970 the Ford Motor Co was reporting sales of US$15billion a year, much of it from overseas sales.

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Despite tension among the top managers, Iacocca continued to shine. His Ford *Maverick* was another hit with the market, propelling Iacocca towards super stardom.

Iacocca, the Italian immigrant's son who made good, didn't just sell the American dream, he lived it. He proposed that Ford buy Ferrari, and only Enzo Ferrari's stubborn refusal to sell his racing cars along with the rest of the company stopped the deal going through.

Iacocca even temporarily broke Ford Motor Co's losing streak on upmarket models. Iacocca knew that the American dream for the common man meant being able to afford a car that was bigger and more garish than his neighbour's. Thus, Iacocca put a new body on the existing Ford Thunderbird and called it the *Lincoln Continental Mark III*.



Despite the sneers that it looked like a Mafia staff car, the new Continental outsold Cadillac's *El Dorado* and made a fortune for Ford. The Lincoln Continental screamed "I've made it" for an affluent generation of successful real estate entrepreneurs, waterbed store owners and drug dealers.



There was a serious downside to the American Dream: by the 1960s, the cities were black with smog. Thanks to dirt-cheap petrol, the average American car burned fuel at a horrific rate, before expelling a toxic cloud of waste products out its exhaust.

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In terms of efficiency, the average American car engine hadn't advanced much since the 1950s.

In 1973, the owner of a new, 2400kg Lincoln Continental, complained that his car was using 66.7 litres of fuel per 100 kilometres (US3.5 miles per gallon).



America's drinking habit meant that it soon burned through its own domestic oil supplies. Without many people noticing, America quietly switched from burning its own oil, to buying oil at bargain prices from friendly Middle Eastern governments.

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Those Middle Eastern governments that weren't friendly were often simply overthrown in US-backed revolutions. This made the Arab nations very angry.

However, America did have one very good friend in the Middle East: Israel.

With help from America, Israel had grown from a struggling colony to a regional superpower, that gobbled up the land around its borders. Conflict was inevitable.

In 1973, a coalition of Arab states invaded Israel to regain lands lost to Israel during a previous war in 1967. With American help, Israel won both conflicts.

The Arab states were outraged by America taking Israel's side in the 1973 war, and retaliated by refusing to supply America with oil. This act kicked off a global oil crisis, with America at the epicentre. Oil prices quadrupled overnight. America's bloated and inefficient cars suddenly became unsaleable.

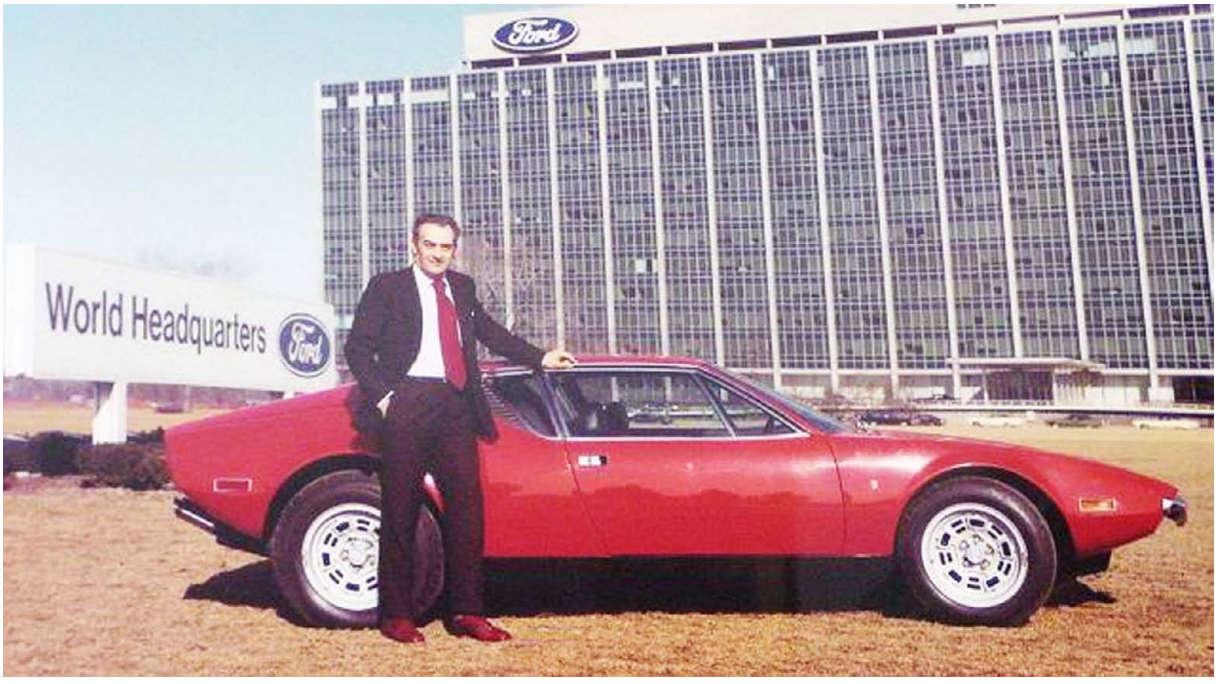
American carmakers simply couldn't think small, and Iacocca was at least as bad as any other car industry leader.

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To men like Iacocca, *cars* meant *giant American gas-guzzlers.*

Cars had huge engines and racing stripes. Cars were for *men.*



Alejandro DeTomaso at Ford Headquarters

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Thus, in the midst of the worst fuel crisis in history, Iacocca persuaded Ford to blow millions of dollars on the *De Tomaso*, an Italian supercar of such poor quality that six of the cars broke up when the Ford test drivers took them onto the test track.

The writing was on the wall for Iacocca when he had the company buy a US$1.5million executive jet, then spent $3.5million on upgrading it to his own high standards. This at a time when Ford Motor Co was haemorrhaging money like a waterfall.

And things got worse. Iacocca's solution to Ford's lack of fuel-economic was the explosive, overweight and underpowered Pinto. America's motoring journalists were normally supportive and loyal to Ford, but they hated the Pinto, and with good reason.



The Ford Pinto

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It was typical of Iacocca that he would have let the Pinto go into production knowing that it was unsafe. Iacocca was a product man, meaning that the role of a car was to boost your ego and get you from A to B in reasonable style. If you hit something on the way, that was your problem.

Thus, when Ford accountants told Iacocca that the Pinto was liable to burst into flames if hit from the rear, it came down to straight dollars and cents. The bean counters estimated that around 180 people would die as a result of the Pinto's fuel tank defects, with another 180 being severely burned. The sum paid out to grieving relatives after their families caught fire would be around $49.5million, they thought, whereas the cost of redesigning the Pinto's fuel tank would be around $137million. Thus, the Ford Motor Co would save nearly $90million by letting people fry in car accidents. So Iacocca said, in effect: "Start the assembly lines, we'll sell the Pinto as is."

After public exposure of the Pinto's faults, Ford was forced into a major damage control exercise. First to go was the radio ad that ended: "Pinto leaves you with that warm feeling." Ford was eventually forced to recall 1.5 million vehicles for repairs.

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Iacocca's days were numbered, but he wouldn't go without a fight. After being demoted to the company's number three executive position in 1977, then fourth in 1978, he waged an all-out fight for supremacy with Henry Ford II, and lost. Iacocca went off to save a bankrupt Chrysler corporation with government money, leaving the Fords in charge of the Ford empire once more.



1979 found the Ford families in disarray, with divorces, affairs, tragic deaths and conflict making headlines around the world.

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As if that wasn't bad enough, the Ford Motor Co was being sued on all sides, notably by victims of burned Pinto cars.

In 1980 Henry Ford II stepped down from the board of directors. His last few years had been spent stabilising the company, and he left it in better shape than he found it.

However, the overall American car industry was a mess. When Henry II took over Ford, America produced 80% of the world's cars. By the time he left, America produced 28%. The Japanese invasion had begun. Ironically, the Japanese were using the same techniques Henry Ford senior had used with the Model T: make a simple, reliable, compact car and sell millions of them at a low profit.



The success of Japanese cars after the fuel crises provoked a bitter backlash from many Americans, especially those who identified with auto workers.

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Ford Motor Co lost $1.5billion in 1982. Quality of products was poor and the company was still trying to find a way to fight effectively against the nightmare of Japanese imports, which used less fuel, were better-built and were more reliable.

Realising that the Japs were there to stay, Ford bought 25% of Mazda in 1983 (later increased to 33.39%).

As fuel prices dropped again, there were plenty of buyers for mid-sized American station wagons but few sellers; American carmakers didn't want to risk further heavy losses.



1984 Jeep Cherokee

Cautiously, Ford's rival, Jeep, developed a model that would appeal to middle-class customers who lived in cities. Thanks to an assertive driving position, a passably car-like interior, and features like power steering, the Jeep *Cherokee* was an immediate hit.

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The Ford Explorer, often nicknamed the Ford *Exploder*

Ford soon followed with the Explorer (above), which was first proposed by Range Rover owner Edsel Ford II, but initially rejected as having too limited potential.

After the Cherokee's wildfire success, however, Ford rushed the pickup-truck-based Explorer to the market.

Unrestrained by the safety and fuel economy regulations governing passenger vehicles, the Explorer was both cheap to build and extremely profitable.

And extremely unsafe. Thanks to its pickup truck origins, the Explorer was heavy. Worse, Ford's accountants ensured that the Explorer was fitted with the cheapest tyres.

Explorer owners, high on a sense of invulnerably, would roar along, often without wearing seatbelts.

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The cheap tyres would gradually heat up, then blow, after which the Explorer would roll over, often mashing the occupants in the process.



But American culture is eternally optimistic.



1984 Ford Mustang

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When Iacocca left Ford, he boasted that Ford would never again see a profit of $1.5billion. Yet, by 1983, the company posted a profit of $1.9billion, growing to $3.3billion in 1986. Ford also beat General Motors in sales for the first time since 1924. All this was arguably the legacy of Henry Ford II.



1992 Ford Scorpio

The ’90s saw the Ford Motor Company beginning to act as one global unit.

A new member of the Ford family – William Clay Ford – was now chairman of the Ford Motor Co.

However, the real power lay with Ford chief executive officer Jacques Nasser. Nasser believed that it didn’t matter who actually built the cars, as long as they were controlled by Ford and sold as Fords. Nasser was nicknamed ‘Jacques the knife’ for his widespread firing of Ford employees.

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Jacques Nasser, nicknamed “Jacques the knife”

Nasser himself was fired a couple of years later. Not only was Ford’s market share plummeting, but the rollover-prone Ford Explorer forced the Ford Motor Company into damage control mode once more.

William Clay Ford stepped into Nasser’s shoes. He tried hard to turn the Ford Motor Co into an environmentally-responsible company with a caring attitude towards the community.

The insane American financial bubble of the 1990s, combined with cheap fuel and a public craze for huge SUVs, made Ford Motor Co very rich and very careless. Ford went on a spending spree, buying up dozens of companies, including Aston Martin, Jaguar, Land Rover and Volvo.

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After the party came the hangover. High oil prices combined with high domestic costs and a burst economic bubble saw the entire Ford empire falling apart. In 2008, Ford lost US$14.6 billion. Ford was forced to sell Aston Martin, Jaguar, Land Rover and Volvo, having lost billions on its investments. Ford's 33% share in Mazda was reduced to 13.4% then, recently, to just 3.5%.



William Clay Ford with the 2015 Ford Mustang

Ford narrowly avoided bankruptcy, but it's not out of the water yet. On paper, Ford is currently profitable, but is still heavily in debt.

Ford's Australian assembly plants, which have been losing money for years, will be closed soon.

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China is now Ford's great hope: together with Ford's partner, Chongqing Changan Automobile, Ford is hoping to be a major player in a major global market.

However, there are stormclouds on China's economic horizon. First, few people trust the Chinese government's rosy statistics. Second, in recent times, most Chinese growth has been powered almost entirely by state investment. China has too many goods chasing too few customers. Chinese consumers are becoming more cautious.

But Ford has survived for well over a century. The current economic storms are blowing stronger, but it is difficult to imagine a world without Henry Ford's famous company •

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